

MEMORANDUM



TO: Members of the Iowa Senate and
Members of the Iowa House of Representatives

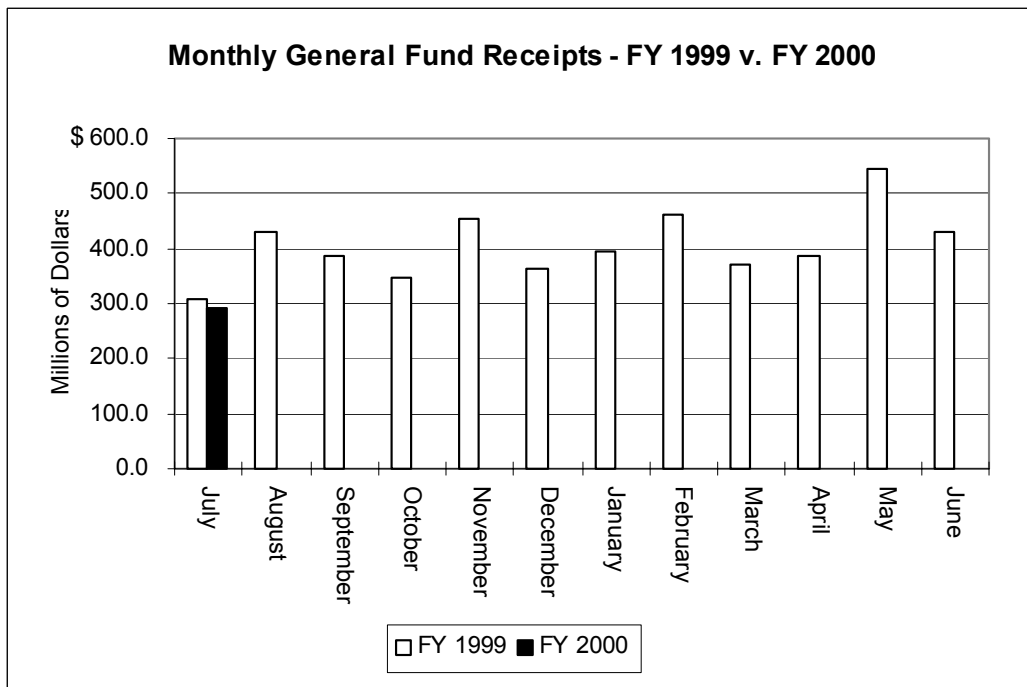
FROM: Dennis C. Prouty

DATE: August 2, 1999

General Fund Receipts Through July 31, 1999

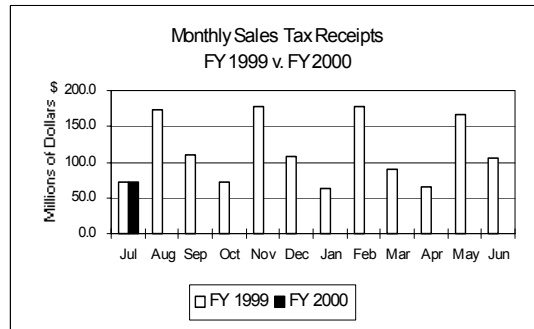
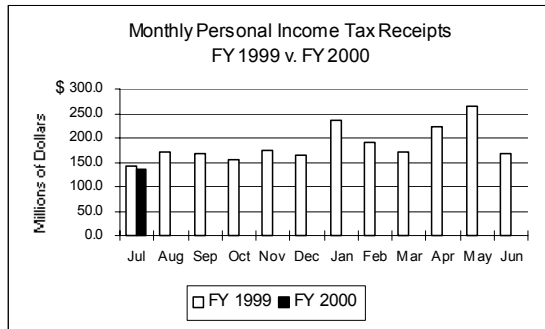
The attached spreadsheet represents total FY 2000 General Fund receipts, with comparable figures for actual FY 1999. These can be compared to the latest FY 2000 estimate (\$5.129 billion) set by the Revenue Estimating Conference (REC) on April 8, 1999. The estimate represents an increase of \$211.0 million (5.1%) compared to FY 1999. Adjustments for bills enacted by the 1999 General Assembly will be made during the next meeting of the REC, scheduled for August 12, 1999.

To recap, FY 1999 revenue growth increased by \$49.0 million (1.0%) compared to FY 1998. This was below the REC estimate of 1.8% for FY 1999 by \$38.0 million primarily due to weaker personal income tax returns.



FY 2000 Compared to FY 1999

Year-to date FY 2000 revenue growth decreased by \$16.3 million (5.3%) compared to FY 1999. This is below the REC estimate of 5.1% for FY 2000.



Gross personal income tax revenues received in July were \$8.0 million (5.6%) less than July 1998. Withholding receipts were strong in July, increasing by 7.4% compared to July 1998.

Estimate payments fell significantly in July, posting a loss of \$18.7 million (47.0%) compared to July 1998. July and October 1998 estimate payments were very strong, but moderated through the remaining months of FY 1999. The July 1999 experience follows more closely the second half of FY 1999 estimate payment.

The REC FY 2000 income tax estimate of \$2.450 billion represents a projected increase of 9.7% compared to actual FY 1999.

Sales tax receipts in July were \$0.9 million (1.2%) less than July 1998. The timing factors from the change in payment of the local option sales tax which have skewed FY 1998 and FY 1999 sales tax receipts percentage growth figures will not affect FY 2000. Growth figures for FY 2000 should be directly comparable without adjustment to FY 1999. The REC estimate for FY 2000 sales tax receipts is \$1.437 billion, an increase of 4.3% compared to actual FY 1999.

Corporate income tax receipts in July were \$0.7 million (5.2%) less than July 1998. Estimate payments were the primary cause of the loss for July. Estimate payments received in July were \$0.7 million (6.4%) less than July 1998.

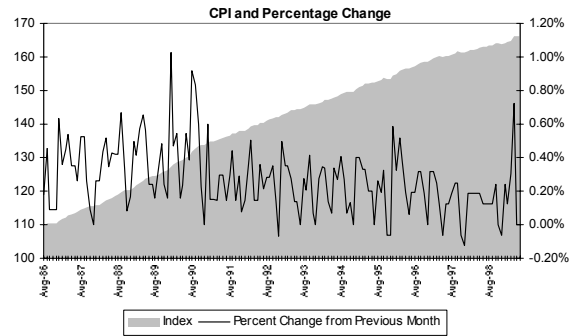
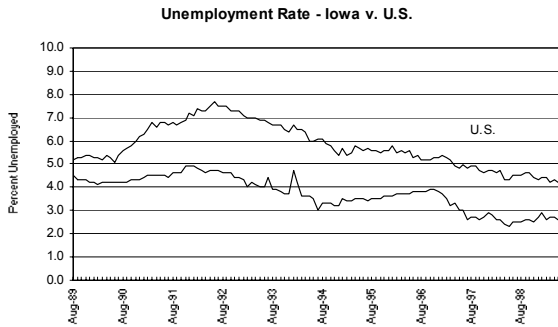
The REC projected FY 1999 corporate income tax receipts would total \$299.4 million, a decrease of \$22.4 million (7.0%) compared to actual FY 1999.

Racing and gaming receipts to the General Fund in July increased \$1.1 million (14.9%). All racing and gaming receipts in excess of \$60.0 million are deposited in the Rebuild Iowa Infrastructure Fund. As a result, activity in these accounts has little direct impact on the General Fund. The REC estimated that \$108.9 million from this source would be deposited to the Infrastructure Account in FY 2000.

Status of the Economy

The seasonally adjusted percent unemployed for the State in June remained unchanged from May's rate of 2.6%. The unemployment rate a year ago was 2.5%. Iowa's total June employment registered 1,549,800, up from May's level of 1,542,400. The number of unemployed persons in Iowa stood at 42,000 in June, which is up from May's level of 41,600. The U.S. unemployment rate rose in June to 4.3%, up from May's 4.2% rate.

Consumer prices in June remained unchanged from May's level. The Consumer Price Index (CPI-U) through June 1999 was 166.2 (1983=100), which is 2.0% higher than one year ago. The following series illustrate U.S. and Iowa unemployment comparisons and the CPI through June 1999.



Information related to State General Fund receipts is available electronically through the Fiscal Bureau's Electronic Publishing of Information System (EPI). If you have questions regarding this service, you may contact Glen Dickinson (515-281-4616) or Larry Sigel (515-281-4611).

GENERAL FUND RECEIPTS - FY 2000 vs. FY 1999						ESTIMATED GENERAL FUND RECEIPTS			
July 1, 1999, through July 31, 1999, in millions of dollars						in millions of dollars			
						FY 99 Actual Compared to FY 00 REC Estimate			
		FY 1999		FY 2000		Year to Date		July	
						% CHANGE		% CHANGE	
				</					